

ASSEMBLY BILL

No. 40

Introduced by Assembly Member Fuentes

December 1, 2008

An act to amend Section 728.1 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 40, as introduced, Fuentes. Electricity: rates: plant held for future use account.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law authorizes the commission to establish rules, and prescribe a uniform system of accounts, for all public utilities. Pursuant to this authority, the commission has adopted a uniform system of accounts for public utilities and licensees, including an account for plant held for future use, and established guidelines for the account. Existing law requires the commission to review the status of all property of a gas or electrical corporation carried in its plant held for future use account at least once every 3 years or during a ratemaking proceeding, for purposes of fixing the rates of the gas or electrical corporation, and prescribes the manner in which gain accruing from the sale of property held in the account is to be allocated between the utility and ratepayers.

This bill would make a nonsubstantive clarifying change to existing law relative to how gain accruing from the sale of property carried in the plant held for future use account is to be allocated between the gas or electrical corporation and ratepayers.

Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to adopt a strategic plan for the state's electric transmission grid and requires that the plan identify and recommend actions required to implement investments needed to ensure reliability, relieve congestion, and to meet future growth in load and generation. Existing law authorizes the Energy Commission to designate a transmission corridor zone on its own motion or by application of a person that plans to construct a high-voltage electric transmission line within the state and provides that the designation of a transmission corridor zone shall serve to identify a feasible corridor where a future transmission line can be built that is consistent with the state's needs and objectives as set forth in the strategic plan adopted by the Energy Commission.

This bill would require the commission to review its guidelines for the plant held for future use account and determine whether it needs to open a proceeding to adjust the time period allowed for a property to be held in the account. The bill would require the commission to consider whether it should amend the guidelines, or add a separate guideline to allow a distinct time period for real property located within a transmission corridor zone designated by the Energy Commission. The bill would require that if the commission amends the existing guidelines, or adds a separate guideline, pursuant to the bill's requirements, that the commission ensure that any gains or losses from the sale or reassignment of any interest in real property acquired by the electrical corporation that is subject to the amended or new guideline, are allocated between customers and shareholders proportionately to the risks involved.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 728.1 of the Public Utilities Code is
- 2 amended to read:
- 3 728.1. (a) For purposes of this section, "plant held for future
- 4 use account" means account number 105 of the Uniform System
- 5 of Accounts Prescribed for Public Utilities and Licensees, as
- 6 adopted by the commission.
- 7 (b) The commission shall review the status of all property owned
- 8 by a gas or electrical corporation and ~~held~~ *carried* within the plant

1 held for future use account at least once every three years or during
2 a proceeding conducted pursuant to Section 728, for the purpose
3 of determining and fixing the rates of that gas or electrical
4 corporation, as determined by the commission.

5 (c) If a gas or electrical corporation sells property which was
6 carried within the plant held for future use account and which was
7 included in determining the rates of the corporation, the
8 commission shall determine what portion of any gains from the
9 sale shall be allocated to the customers of the corporation in a
10 manner consistent with the procedures specified in account number
11 105 of the Uniform System of Accounts Prescribed for Public
12 Utilities and Licensees. The portion of the gains allocated to
13 customers shall not be less than the amount the corporation has
14 recovered through rates for the carrying costs and other expenses
15 of the property during the period it was carried in the plant held
16 for future use *account*, and shall not exceed the gain on the sale,
17 net of any tax, resulting from the sale.

18 SEC. 2. The commission shall review its Plant Held for Future
19 Use Guidelines and determine whether it needs to open a
20 proceeding to adjust the time period allowed for a property to be
21 carried in the plant held for future use account. The commission
22 shall consider whether it should amend the guidelines, or add a
23 separate guideline to allow a distinct time period for real property
24 located within a transmission corridor zone designated by the State
25 Energy Resources Conservation and Development Commission
26 pursuant to Chapter 4.3 (commencing with Section 25330) of
27 Division 15 of the Public Resources Code. If the commission
28 amends the existing guidelines, or adds a separate guideline,
29 pursuant to this section, the commission shall ensure that any gains
30 or losses from the sale or reassignment of any interest in real
31 property acquired by the electrical corporation that is subject to
32 the amended or new guideline, are allocated between customers
33 and shareholders proportionately to the risks involved.